

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6645

BILL NUMBER: SB 287

NOTE PREPARED: Dec 17, 2002

BILL AMENDED:

SUBJECT: CHOICE Funding.

FIRST AUTHOR: Sen. Broden

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
☒ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill provides that Community Home Option to Institutional Care for the Elderly and Disabled Program (CHOICE) appropriations may not be transferred or used for any other purpose. The bill authorizes citizens of Indiana to bring an action for declaratory and equitable relief against a state agency or officer of the state for failing to follow procedures for the expenditure of funds.

Effective Date: Upon passage.

Explanation of State Expenditures: In FY 2003, the CHOICE General Fund appropriation line item is the source of a \$7.3 M transfer to be made to Medicaid to support the Home and Community-Based Services Waiver. This transfer of funds leverages an additional \$10.7 M in federal funds for the provision of in-home services. The provisions of this bill would prevent this transfer from taking place in FY 2003 if the transfer is not completed before passage of the bill. If the transfer is prevented, the Medicaid Program would need to identify a source of funds to fill the gap left in the anticipated state funding sources for the waiver program. The CHOICE Program would also have difficulty committing this additional level of funding for expenditure late in the fiscal year and most likely would roll a large portion of the \$7.3 M to the next year. (CHOICE is a non-reverting appropriation.)

For the upcoming biennium, the fiscal impact of the bill would depend upon the treatment of the Medicaid and CHOICE line item appropriations in the Budget Bill that will be enacted by the General Assembly. If the CHOICE line item appropriation is reduced to reflect the removal of the transfer with a corresponding increase in the Medicaid General Fund appropriation, the bill would have no net impact in the upcoming biennium.

However, if the General Assembly leaves the CHOICE appropriation at the level requested by the agency, with no reduction to reflect the intended transfer, then Medicaid would either need to reduce expenditures in the Home and Community-Based Waiver Program by approximately \$14.7 M to adjust for the loss of the source of state matching funds, reduce expenditures in some other area of the Medicaid program in order to shift funds to the Waiver program, or request an additional \$5.6 M in state General Funds for each year of the biennium. This scenario would also enable the CHOICE Program expenditures to annually expand by \$5.6 M, the amount of the intended transfer for FY 2004 and FY 2005.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning and the Division of Disability, Aging, and Rehabilitative Services.

Local Agencies Affected:

Information Sources: “Combined Medicaid and CHIP Incurred Claim Budget Forecast for the 2002-2003 Biennium”, December 19, 2001.

Fiscal Analyst: Kathy Norris, 317-234-1360